MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2015/2016

DMG 5018 – MANAGEMENT ACCOUNTING 1

(For Diploma Students Only)

1 MARCH 2016
2.30 P.M. – 5.30 P.M.
(3 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of **FOUR** pages with **FIVE** Questions only.
2. Answer **ALL** questions. All questions carry equal marks.
3. Please write your answers in the Answer Booklet provided.

Question 1 (20 marks)

Part A

Following is information from the books of Crown's Pets at 31 December 2015:

Inventories:	**Beginning balance**	**Ending balance**	
Materials	RM 13,000	RM 9,500	
Work in process	0	3,500	
Finished goods	0	5,700	
Other information:			
Direct material purchases	RM 33,000	Factory utilities	RM 1,000
Factory cleaning services	300	Factory rental	8,000
Sales salaries	5,000	Customer service expenses	1,600
Delivery expense	1,300	Direct labour	25,000
Sales revenue	106,000		

Instructions:

a) Prepare a schedule of cost of goods manufactured for Crown's Pets for the year ended 31 December 2015. (7 marks)

b) Prepare an income statement for Crown's Pets for the year ended 31 December 2015. (5 marks)

c) Crown's Pets manufactured 17,000 units of its products in 2015. Compute the company's product cost per unit (Round your answer to two decimal points). (2 marks)

Part B

Classify the following cost items into direct material, direct labor, manufacturing overhead or period cost:

1. Depreciation on factory equipment
2. Depreciation on delivery van
3. Marketing manager's salary
4. Raw materials
5. Factory utility
6. Production employee wages (6 marks)

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Question 2 (20 marks)

Superior IBS Sdn. Bhd. manufactures pre-fabricated concrete cast to be used in the construction of buildings. The company uses job order costing system to account for production costs. The following events occurred during March 2016:

1. Purchased materials on account, RM 470,000

2. Incurred wages of RM 250,000

3. Requisitioned direct materials and direct labour used as follows:

Job	Direct materials	Direct labour
Job 402	RM 59,000	RM 40,000
Job 403	65,000	32,000
Job 404	60,000	58,000
Job 405	83,000	57,000
Total	RM 267,000	RM 187,000

4. Depreciation of factory equipment, RM 6,000

5. Other overhead costs:

Indirect labour	RM 73,000
Equipment rentals paid in cash	30,000
Quit rent on factory building	9,000

6. Overhead costs are applied on the basis of 40% of direct labour costs

7. Jobs completed: Job 402 and 404

8. Sold Job 404 for RM 260,000 on account

Instructions:

a) Record the events in the general journal. (11 marks)

b) Open a T-account for work in process inventory and show the ending balance. (4 marks)

c) Reconcile the ending balance of finished goods inventory with Job 402. (5 marks)

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Question 3 (20 marks)

Claudia Carpet uses process costing system for its two production process – Dyeing and Finishing. Following is information on the company's production activities in the Dyeing department for March 2016:

Units:	
Beginning work in process inventory	55 units
Completed during March	870 units
Ending work in process inventory (60% completed as to conversion cost)	75 units
Costs:	
Beginning work in process:	
• Materials	RM 2,365
• Conversion costs	2,710
Costs added during March:	
• Materials	38,270
• Conversion costs	72,320

Instructions:

a) Prepare a production cost report for March 2016. (17 marks)

b) Open a T-account for work in process – Dyeing department. (3 marks)

Question 4 (20 marks)

Krazy Donut sells glazed donuts at a price of RM 6 for a box of half-dozen donuts. The company incurs the following variable costs for each box that it sells; variable cost of goods sold, RM 1.50, selling expenses, RM 0.65 and administrative expenses, RM 0.20. Fixed costs consist of cost of goods sold, RM 10,000, selling expenses, RM 38,880 and administrative expenses, RM 4,320. Krazy Donut sold 25,000 boxes in March 2016.

Instructions:

a) Prepare a CVP income statement for the month of March 2016. (5 marks)

b) Using equation method, calculate break-even point in units. (5 marks)

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c) Compute margin of safety and margin of safety ratio for March 2016. (5 marks)

d) Calculate the net income should Krazy Donut increase its monthly sales by 10%. (5 marks)

Question 5 (20 marks)

Following is the production and sales data of Healthy Beverages Sdn. Bhd. for the month of March 2016.

Direct materials per unit	RM 0.25
Direct labour per unit	0.50
Variable manufacturing overhead per unit	0.15
Total fixed manufacturing overhead	15,000
Total fixed selling and administrative costs	27,000
Number of units produced	20,000 units
Number of units sold	19,000 units
Selling price per unit	RM 3

Instructions:

a) Calculate product costs per unit under absorption costing and variable costing. (5 marks)

b) Prepare a monthly income statement using absorption costing. (5 marks)

c) Prepare a monthly income statement using variable costing. (5 marks)

d) Is net loss higher under absorption costing or variable costing? Explain by showing the difference in ending inventory between the two methods. (5 marks)

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